

General Servicing Frequently Asked Questions

This category includes all General Servicing items stated within HUD Handbook 4330.1 REV-5, Administration of Insured Home Mortgages.

Question 1 - What are HUD's guidelines regarding sub-servicing of FHA-insured Mortgages?

Answer - The servicing of FHA-insured loans must be performed by a mortgagee or servicer that is approved by FHA pursuant to FHA regulations. See ML **2009-42**.

Question 2 - If a mortgagor contacts the mortgagee and verbally offers a repayment plan of a payment plus, can we establish a short-term repayment plan based on this information?

Answer - No, any repayment plan should be based upon the most accurate information of the mortgagor's financial situation and the lender must analyze the borrower's current and future ability to meet the monthly mortgage obligation. Informal forbearance is a verbal agreement between the Servicer and borrower. The duration for an informal forbearance must be three months or less. Formal forbearance is an agreement in writing between the Servicer and borrower. Where the duration of the forbearance agreement will be for more than three months but less than six months, it must be in writing and would therefore be a formal forbearance. See ML **2010-04** and **ML 2013-32**.

Question 3 - Can a mortgagor be offered Loss Mitigation relief while the mortgagor is in bankruptcy, prior to discharge or dismissal?

Answer - Yes, Mortgagors with an active Chapter 7 or Chapter 13 bankruptcy case are eligible for FHA Loss Mitigation Options to the extent that such Loss Mitigation does not violate federal bankruptcy law or orders of the Bankruptcy Court or Bankruptcy Trustee. In addition, mortgagors who have received a Chapter 7 bankruptcy discharge and failed to reaffirm the FHA-insured mortgage debt under applicable law are eligible to be considered for Loss Mitigation Options. See ML 2013-32.

Question 4 - What does direct conveyance mean?

Answer - Direct conveyance means the property is deeded directly to HUD in lieu of the mortgagee taking title in its name. See Handbook 4330.4.

Question 5 - Are mortgagees required to send the HUD-2008-5-FHA, " Save Your Home: Tips to Avoid Foreclosure" pamphlet on assets that have been released or discharged from a Chapter 7 and/or Chapter 13 Bankruptcy?

Related Information

- [Loss Mitigation Policy & Guidance](#)
- [NSC FAQ Table of Contents](#)
- [Servicing Guidance](#)

Answer - Yes, the mortgagee must provide the delinquent mortgagor with a copy of the HUD publication HUD-2008-5-FHA, " Save Your Home: Tips to Avoid Foreclosure" no earlier than the 32nd day of a delinquency, but no later than the 60th day. See **ML 2014-01.**

Question 6 - What is an FHA Title I mortgage?

Answer - FHA Title I mortgages include mobile homes, prefabricated manufactured housing, and home improvement loans. See Handbook 1060.2.

Question 7 - Are mortgagees permitted to report to the credit bureau assets that are located within a Presidentially Declared Disaster Area?

Answer - Servicers should suspend reporting of delinquencies to credit repositories for borrowers who are granted disaster related mortgage payment relief and are otherwise performing as agreed, unless such reporting is required for a loan modification. See **ML 2013-11.**

Question 8 - Can a mortgagee foreclose on a mortgage located on tribal lands?

Answer - No. A mortgagee cannot foreclose on a mortgage that is located on tribal lands. For assets that are insured under Section 248 of the National Housing Act, HUD will accept assignment of Section 248 mortgages where the mortgagor has been in default more than 90 days. See HUD Handbook 4330.1 REV-5, Chapter 8, and ML 1988-11.

Question 9 - What are HUD's requirements on conducting face-to-face meetings with delinquent mortgagors?

Answer - The mortgagee must have a face-to-face meeting with the mortgagor, or make a reasonable effort to arrange such a meeting, before three full monthly installments due on the mortgage are unpaid. Except for mortgages insured pursuant to section 248 of the National Housing Act, a face-to-face meeting is not required if:

1. The mortgagor no longer resides in the mortgaged property;
2. There is no office or branch office of the mortgagee or servicer within 200 miles of the mortgaged property;
3. The mortgagor has clearly indicated that he/she will not cooperate in the interview;
4. A repayment plan, consistent with the mortgagor's circumstances and designed to bring the account current, is entered into and payments under this repayment plan are current; or
5. A reasonable effort to arrange a meeting is unsuccessful.

For mortgages insured pursuant to section 248 of the National Housing Act, a face-to-face meeting is required, and a reasonable effort to arrange such a meeting shall include at least one trip to see the mortgagor at the mortgaged property, notwithstanding that such property is more than 200 miles from an office or branch office of the mortgagee or servicer. See Handbook 4330.1 Rev-5, Chapter 7.